

Message Text

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E.O. 11652: DECONTROL AFTER ONE YEAR

TAGS: PINT, ELAB, IT

SUBJECT: THE "HOT AUTUMN" OF LABOR'S DISCONTENT

1. SUMMARY. THE TEMPERATURE IS RISING AS ITALY'S PERENNIAL QUOTE
HOT AUTUMN UNQUOTE OF MAJOR CONTRACT NEGOTIATIONS IS FULLY UNDER-
WAY. THE NUMEROUS EFFORTS BY TOP REPRESENTATIVES OF GOVERNMENT,
LABOR AND MANAGEMENT TO REACH AN AMICABLE RESOLUTION ARE BEING
EXERTED AGAINST A VARIETY OF CONTRADICTIONARY CONSIDERATIONS.
THE CCU--THE FEDERATION OF ITALY'S THREE MAJOR LABOR CONFED-
ERATIONS--HAS ADOPTED THE MODERATE POSITION OF SEEKING TO LIMIT

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WAGE DEMANDS IN FAVOR OF SUBSTANTIAL GOVERNMENTAL INVESTMENTS
DESIGNED TO PROTECT JOBS. THIS LINE, HOW-
EVER, IS OUT OF FAVOR WITH THE RANK AND FILE AND IS LEADING
SOME CCU CONSTITUENT UNIONS TO DEMAND MAJOR WAGE INCREASES. THE

PUBLIC SECTOR UNIONS ARE RESTIVE, WITH MANY STRIKES BEING EXPERIENCED, PARTICULARLY IN AIR AND RAIL TRANSPORTATION, IN WHICH A NUMBER OF INDEPENDENT UNIONS ARE PLAYING AN IMPORTANT ROLE. THERE ARE CLEAR INDICATIONS THAT THE DC-DERIVED CISL IS CONCERNED ABOUT THE EXTENT TO WHICH THE COMMUNISTS HAVE BEEN DOMINATING LABOR POLICY. THIS IS LEADING CISL TO ADOPT AN INDEPENDENT, MORE MILITANT LINE WITHIN THE CCU (THE COMMUNISTS HAVE PREEMPTED MODERATION), ON THE ONE HAND, AND TO SEEKING TO RE-ESTABLISH CLOSER TIES WITH THE CHRISTIAN DEMOCRATIC PARTY, ON THE OTHER. NO BOTTOM LINE ASSESSMENT CAN BE DERIVED WITH ASSURANCE FROM THESE DISPARATE ELEMENTS, BUT THE PREVAILING CONFIDENTIAL EXPECTATION OF A SURPRISING NUMBER OF LEADING PARTICIPANTS IN THE LABOR-MANAGEMENT RELATIONSHIP IS THAT THE TEMPERATURE OF THE QUOTE HOT AUTUMN UNQUOTE WILL BE HELD TO MANAGEABLE PROPORTIONS. END SUMMARY.

2. AS TOP GOVERNMENT AND LABOR LEADERS MEET ALMOST DAILY, EITHER TO ADJUDICATE THE DEMANDS OF THE RESTIVE PUBLIC SECTOR OR MEDIATE THE INCREASING THREATS OF FIRINGS AND PLANT CLOSURES IN THE INDUSTRIAL SECTOR, THE LABOR SITUATION REMAINS DIFFICULT TO ASSESS. MAJOR CONTRACTS EXPIRE BY YEAR-END IN THE PRIVATE SECTOR (METALS, CHEMICALS, CONSTRUCTION). THOUGH SERIOUS BARGAINING HAS BARELY COMMENCED, SEVERAL MUSCLE-FLEXING STRIKES HAVE ALREADY TAKEN PLACE AND OTHERS ARE PLANNED. PUBLIC SECTOR QUOTE CONTRACTS UNQUOTE (ACTUALLY, NEGOTIATED TERMS TRANSLATED INTO LAW) DO NOT EXPIRE UNTIL MID-1976, YET CONSIDERABLE AGITATION HAS BEEN UNDERWAY AMONG PUBLIC EMPLOYEES. (THIS LATTER PHENOMENON, HOWEVER, MAY SOON ABATE. PRIME MINISTER MORO, AT THE URGING OF THE FEDERATION CGIL-CISL-UIL (CCU), HAS ORDERED ALL MINISTRIES TO DEDUCT ON A CURRENT BASIS FROM THE WAGES AND SALARIES OF PUBLIC EMPLOYEES THE TIME LOST DUE TO STRIKES. HERETOFORE, PUBLIC SERVANTS WERE VIRTUALLY SUBSIDIZED IN THEIR STRIKES INASMUCH AS THEY WERE EITHER NOT PENALIZED AT ALL, OR HAD THE DEDUCTIONS SPREAD OVER PERIODS AS LONG AS FIVER YEARS).

3. NUMEROUS COUNTERVAILING CONSIDERATIONS ARE AT PLAY IN THE CURRENT SITUATION. THE CCU, UNDER THE DOMINANCE OF THE COMMUNIST-LIMITED OFFICIAL USE
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CONTROLLED CGIL AND ITS CHARISMATIC LEADER LUCIANO LAMA, ADVOCATES A RELATIVELY MODERATE BARGAINING POLICY, NAMELY, PRIORITY TO JOB SECURITY MEASURES (MAJOR GOVERNMENTAL INVESTMENTS, EASED CREDIT, ETC.) OVER SIMPLE WAGE INCREASES. THIS PLACES THE CCU AT ODDS WITH THE NUMEROUS AND, IN THE AGGREGATE, NOT INSUBSTANTIAL AUTONOMOUS AND INDEPENDENT UNIONS. THESE LATTER ARE DENOUNCED AS QTE CORPORATIVISTIC UNQTE FOR THEIR INSISTENCE UPON MAXIMAL WAGE INCREASES TO KEEP UP WITH THE CONTINUING EROSION OF PURCHASING POWER. MORE IMPORTANTLY, THE THREE FEDERATIONS IN THE CCU ARE PLACED AT ODDS WITH MANY OF THEIR CONSTITUENT UNIONS-NOTABLE THE VERY UNIONS WHOSE CONTRACTS ARE NOW EXPIRING--WHO ARE FEELING AND RESPONDING TO THE SAME GRASS ROOTS PRESSURES FOR WAGE

INCREASES WHICH THE INDEPENDENTS ARE EXPERIENCING.

4. WITHIN THE CCU ITSELF, CONFLICTING THEMES ARE AT PLAY. ALTHOUGH THE THREE CONFEDERATIONS, NOTABLY CISL, HAVE CONSIDERABLE STRENGTH IN THE PUBLIC SECTOR, THERE IS IN THE CCU A STRONG BIAS AGAINST PUBLIC EMPLOYEES. THE PREVAILING FEELING, SUPPORTED BY THE HANDSOME STIPENDS, FRINGE BENEFITS AND PENSIONS ENJOYED IN MANY PUBLIC SERVICE JOBS, IS THAT PUBLIC SERVANTS HAVE MUCH THE BETTER OF IT AND ARE BLEEDING THE NATIONAL TREASURY, ULTIMATELY TO THE DISADVANTAGE OF THE PRIVATE OR PARASTATAL SECTORS. MEANWHILE THE CCU PUBLIC SERVICE UNIONS ARE DETERMINEDLY FIGHTING THE NUMEROUS STRONG INDEPENDENT UNIONS FOR SUPREMACY IN THE PUBLIC SECTOR. NEITHER GROUP HONORS THE STRIKES OF THE OTHERS. AS A RESULT, ITALY GETS TO ENJOY TWO SETS OF PUBLIC SECTOR STRIKES.

5. CISL HAS RECENTLY BEEN CASE INTO A MINORITY ROLE WITH THE CCU AS IT SEEKS TO DIFFERENTIATE ITSELF FROM THE CGIL. THIS DERIVES FROM THE FACT THAT CISL, AND IN PARTICULAR IT SECRETARY GENERAL BRUNO STORTI, HAVE BEEN CONSIDERABLE SHAKEN BY THE NOTABLE COMMUNIST ADVANCES SCORED IN THE JUNE 15 REGIONAL ELECTIONS. STORTI, A MAJOR ARCHITECT OF THE PROPOSAL TO MERGE THE THREE LABOR CONFEDERATIONS, CONSISTENTLY JUSTIFIED HIS STANCE ON THE GROUNDS THAT THIS WAS THE MOST EFFECTIVE WAY TO NEUTRALIZE THE COMMUNIST SURGE. THE THESIS HAVEING CLEARLY PROVED TO BE ILLUSORY, CISL HAS RECENTLY SOUGHT TO ESPOUSE A LINE AT VARIANCE WITH THE CGIL. GIVEN THE FACT THAT THE CGIL LINE IS A RELATIVELY MODERATE ONE, PLUS THE FACT THAT IN RECENT YEARS CISL HAS BECOME THE REPOSITORY OF NUMEROUS FAR LEFT ELEMENTS, CISL CAN DIFFERENTIATE ITSELF ONLY BY TAKING A MORE MILITANT LINE. AS A NOTABLE EXAMPLE, LIMITED OFFICIAL USE
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STORTI HAS RECENTLY THREATENED A GENERAL NATIONAL STRIKE QUOTE IF THE GOVERNMENT, CONFINDUSTRIA AND THE CHEMICAL INDUSTRY EMPLOYERS CONTINUE TO HARDER THEIR POSITIONS UNQUOTE. STORTI DENIES THAT CISL IS BECOMING EXTREMIST OR MORE MILITANT. QUOTE IT IS THE CGIL WHICH, AFTER YEARS OF RIGIDITY, HAS SUDDENLY EMBARKED ON A POLICY OF MODERATION, THE ORIGINS OF WHICH ARE MORE TO BE FOUND IN PARTY POLITICS THAN IN TRADE UNIONISM UNQUOTE, STORTI AVERS.

6. WHLE CISL HAS BEEN SEEKING ITS IDENTIY IN MILITANT RHETORIC, THE UIL HAS BEEN FINDING ITSELF SUPPORTING THE CGIL WITHIN THE CCU. SECRETARY GENERAL VANNI TELLS US THIS MAKES HIM A BIT UNCOMFORTABLE, BUT HE SEES NO SENSE IN THESE PARLOUS TIMES I OPPOSING SOUND IDEAS SOLELY BECAUSE THEY ARE BEING ADVOCATED BY THE COMMUNISTS. MORE RECENTLY, HOWEVER, CRITICISMS OF THE CGIL'S MODERATION HAVE BEGUN TO BE HEARD FROM THE UIL AS WELL. NATIONAL SECRETARY GILDO MUCI, WRITING IN THE SOCIAL DEMOCRATIC DAILY L'UMANITA, OPENLY ACCUSES THE CGIL OF QUOTE NOT WANTING TO TIGHTEN THE ROPE IN PUBLIC SERVICE MATTERS BECAUSE THE CURRENT GOVERNMENT IS CONVENIENT TO THE PCI UNQUOTE, I.E., THE COMMUNISTS DO NOT WISH TO

SEE THE GOVERNMENT FALL. THIS PRODUCES THE AMBIGUOUS SITUATION IN WHICH THE NON-COMMUNISTS OF CISL AND UIL ARE CRITICAL OF THE COMMUNISTS FOR BEING SOFT ON THE GOVERNMENT WHICH IS DOMINATED OR SUPPORTED BY PARTIES TO WHICH THE CISL AND UIL MEMBERS ADHERE.

7. CISL PREOCCUPATION WITH THE GROWING DOMINATION OF THE LABOR MOVEMENT BY THE CGIL, AND THE INCREASING STRENGTH OF THE COMMUNIST PARTY, HAS LED STORTI AND OTHERS TO TAKE A POTENTIALLY SALUTARY STEP. ON NOVEMBER 5, A NUMBER OF MORE-OR-LESS DISAFFECTED CHRISTIAN DEMOCRATS CONVENED TO AIR THEIR SHARED PREOCCUPATIONS WITH THE CURRENT POLITICAL SITUATION. THE GROUP INCLUDED STORTI AND CISL DEPUTY SECRETARY GENERAL MACARIO, ACLI (CATHOLIC WORKERS ORGANIZATION) PRESIDENT MARINO CARBONI AND THE LOMBARDY INDUSTRIALIST AND DC LEADER PIETRO BASSETTI. THE GROUP AGREED THE CHRISTIAN DEMOCRATIC PARTY IS IN NEED OF MAJOR REJUVENATION, EXPRESSED THEMSELVES AS BEING HEARTENED BY THE MORO-ZACCAGNINI LINE UNFOLDING WITHIN THE PARTY AND REJECTED THE NOTION OF FORMING A SECOND CATHOLIC PARTY. THEY DECIDED TO CONSTITUTE THEMSELVES AS THE QUOTE LEAGUE OF DEMOCRATIC CHRISTIANS UNQUOTE AND INTEND TO ASK FOR OFFICIAL STATUS WITHIN THE PARTY. THE QUOTE LEAGUE, UNQUOTE, HOPEFULLY, LIMITED OFFICIAL USE
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WILL ROVIDERESTABLISHED CONTACTS FOR THE DC WITH THE INDUSTRIAL RANK AND FILE. RELATIONSHIPS BETWEEN THE PARTY AND THIS ESSENTIAL COMPONENT OF ITS ELECTORAL CONSTITUENCY HAVE BECOME SEVERELY ESTRANGED IN RECENT YEARS, IN LARGE MEASURE PURSUANT TO THE CCU POLICY OF QUOTE INCOMPATIBILITY UNQUOTE, I.E., THE PROSCRIPTION AGAINST SIMULTANEOUSLY HOLDING POLITICAL AND TRADE UNION OFFICE. THE LEAGUE HAS THE POTENTIAL FOR RE-ATTRACTING THE MANY YOUNGER, REFLECTIVE CHRISTIAN DEMOCRATIC ELEMENTS WHICH HAVE WANDERED AWAY FROM THE PARTY IN RECENT YEARS DISILLUSIONED OVER THE INCREASINGLY FOSSILIZED PARTY HIERARCHY.

8. WHAT DO ALL THESE CONTRADICTORY ELEMENTS PORTEND FOR ITALIAN LABOR'S IMMEDIATE FUTURE? WILL THE ANNUAL QUOTE HOT AUTUMN UNQUOTE OF LABOR NEGOTIATIONS DETERIORATE INTO A CORROSIVE SERIES OF WORK STOPPAGES ADDING TO ITALY'S ALREADY SERIOUS ECONOMIC AND POLITICAL DISABILITIES? THE CONTINUING QUOTE INSIDE UNQUOTE ASSESSMENT, AS DISTINCT FROM THE PUBLIC POLEMICS GENEROUSLY REPORTED IN THE PRESS, CONTINUES TO BE THAT, WHILE THE FALL NEGOTIATIONS WILL BE DIFFICULT AND WILL DOUBTLESS BE ATTENDED BY STRAIN, REASON WILL PREVAIL AND WAGE SETTLEMENTS WILL NOT HAVE MASSIVE INFLATIONARY IMPACT. THIS ASSESSMENT COMES FROM ELEMENTS AS DIVERSE AND THE MINISTER OF LABOR, MANAGEMENT OFFICIALS, A SENIOR COMMUNIST CGIL SECRETARY AS WELL AS A NUMBER OF CISL AND UIL LEADERS. THIS EXPECTATION PRESUMABLY DERIVES FROM AN APPRECIATION OF THE FACT THAT NO OTHER REASONABLE OPTION IS AVAILABLE IN THE CIRCUMSTANCES. STILL, THE REALIZATION OF THIS DESIRABLE GOAL WILL REQUIRE THE DEFT EXERCISE OF STATESMANSHIP

ON THE PART OF ALL CONCERNED. CALINGAERT

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